

HOUSE BILL No. 1200

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2-4.

Synopsis: Income tax deduction for military income. Provides that income received for military service (other than qualified military income) or received as a retirement or a survivor's benefit paid because of an individual's military service is wholly deductible if the amount of the income is less than the specified maximum amount. Specifies that the maximum amount of the deduction for income received for military service (other than qualified military income) or received as a retirement or a survivor's benefit paid because of an individual's military service is equal to 12 times the monthly basic pay received as of July 1, 2017, by a member of the armed forces of the United States who: (1) served at the pay grade of E-7 on July 1, 2017; and (2) had nine years of service as of July 1, 2017. (Current law allows a deduction against the first \$5,000 received for military service and a deduction of \$6,250 for income received from retirement or survivor benefits.)

Effective: January 1, 2019.

**Lindauer, Mayfield, Bartels,
Bartlett**

January 9, 2018, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 120th General Assembly (2018)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2017 Regular Session of the General Assembly.

HOUSE BILL No. 1200



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-2-4, AS AMENDED BY P.L.217-2017,
2 SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2019]: Sec. 4. (a) Each taxable year, an individual, or the
4 individual's surviving spouse, is entitled to the following:
5 (1) An adjusted gross income tax deduction ~~for the first five~~
6 ~~thousand dollars (\$5,000)~~ **of equal to the amount determined**
7 **under subsection (c)** for income, excluding adjusted gross
8 income described in subdivision (2), received during the taxable
9 year by the individual, or the individual's surviving spouse, for the
10 individual's service in an active or reserve component of the
11 armed forces of the United States, including the army, navy, air
12 force, coast guard, marine corps, merchant marine, Indiana army
13 national guard, or Indiana air national guard.
14 (2) An adjusted gross income tax deduction ~~of six thousand two~~
15 ~~hundred fifty dollars (\$6,250)~~ **equal to the amount determined**
16 **under subsection (d)** for income from retirement or survivor's
17 benefits received during the taxable year by the individual, or the



1 individual's surviving spouse, for the individual's service in an
 2 active or reserve component of the armed forces of the United
 3 States, including the army, navy, air force, coast guard, marine
 4 corps, merchant marine, Indiana army national guard, or Indiana
 5 air national guard.

6 (b) An individual whose qualified military income is subtracted
 7 from the individual's federal adjusted gross income under
 8 IC 6-3-1-3.5(a)(19) for Indiana individual income tax purposes is not,
 9 for that taxable year, entitled to a deduction under this section for the
 10 same qualified military income that is deducted under
 11 IC 6-3-1-3.5(a)(19).

12 (c) **The amount of the deduction allowed under subsection (a)(1)**
 13 **is equal to the lesser of the following:**

14 (1) **The amount of income described in subsection (a)(1) that**
 15 **the individual or the individual's surviving spouse received**
 16 **during the taxable year.**

17 (2) **The product of:**

18 (A) **twelve (12); multiplied by**

19 (B) **the amount of monthly basic pay received as of July 1,**
 20 **2017, by a member of the armed forces of the United States**
 21 **who:**

22 (i) **served at the pay grade of E-7 on July 1, 2017; and**

23 (ii) **had nine (9) years of service as of July 1, 2017.**

24 (d) **The amount of the deduction allowed under subsection (a)(2)**
 25 **is equal to the lesser of the following:**

26 (1) **The amount of income described in subsection (a)(2) that**
 27 **the individual or the individual's surviving spouse received**
 28 **during the taxable year.**

29 (2) **The product of:**

30 (A) **twelve (12); multiplied by**

31 (B) **the amount of monthly basic pay received as of July 1,**
 32 **2017, by a member of the armed forces of the United States**
 33 **who:**

34 (i) **served at the pay grade of E-7 on July 1, 2017; and**

35 (ii) **had nine (9) years of service as of July 1, 2017.**

36 SECTION 2. [EFFECTIVE JANUARY 1, 2019] (a) **IC 6-3-2-4, as**
 37 **amended by this act, applies to taxable years beginning after**
 38 **December 31, 2018.**

39 (b) **This SECTION expires January 1, 2021.**

